

**42<sup>nd</sup> MEETING**  
**OF THE**  
**MARYLAND HEALTH CARE COMMISSION**

**Thursday, January 16, 2003**  
**Minutes**

Chairman Wilson called the meeting to order at 1:01 p.m.

Commissioners present: Alcoreza, Beasley, Chase, Crofoot, Etheredge, Ginsburg, Jensen, Malouf, Murray, and Row. Commissioner Zanger participated by speaker telephone.

**ITEM 1.**

**Approval of Minutes**

Commissioner Ernest Crofoot made a motion to approve the Minutes of the December 19, 2002 meeting of the Commission, which was seconded by Commissioner Evelyn Beasley, and unanimously approved.

**ITEM 2.**

**Update on Commission Activities**

- Data Systems and Analysis
- Health Resources
- Performance and Benefits

Due to the lengthy agenda, there were no oral reports by Ben Steffen, Deputy Director of Data Systems and Analysis, or by Pamela Barclay, Deputy Director of Health Resources. Enrique Martinez-Vidal, Deputy Director of Performance and Benefits, introduced Jean Moody-Williams, the newly hired Chief of Facility Quality and Performance, to the Commissioners. Copies of the *Update* were available on the documents table and on the Commission's website at: <http://www.mhcc.state.md.us/mhccinfo/cmsnmtgs/updates/>.

**ITEM 3.**

**ACTION:** Metropolitan Washington Open Heart Review — Hearing on Motion for Reconsideration and for Stay filed by Shady Grove Adventist Hospital, Docket Nos. 01-15-2088-2091

Chairman Wilson said that on December 10, 2002, the Commission heard oral argument on exceptions to the Recommended Decision of Commissioner Larry Ginsburg, who served as the reviewer in the Metropolitan Washington Open Heart Surgery Review. The Commission then unanimously adopted the Recommended Decision with minor changes suggested by Commissioner Ginsburg and awarded a Certificate of Need for open heart surgery services to Suburban Hospital.

On December 26, 2002, Shady Grove Adventist Hospital filed a Motion for Reconsideration and for Stay. The successful applicant, Suburban Hospital, and Dimensions HealthCare, an interested party, filed detailed responses to Shady Grove's motion. Two other applicants, Holy Cross Hospital and Southern Maryland

Hospital Center, and the second interested party, Washington Adventist Hospital, filed responses stating that they supported the motion of Shady Grove Adventist Hospital. Chairman Wilson noted the continued recusal of Vice Chairman Malouf and Commissioner Jensen from consideration of this matter. The Commission heard oral argument on the motion from counsel for Shady Grove Adventist Hospital, Holy Cross Hospital, Southern Maryland Hospital, Washington Adventist Hospital, Suburban Hospital, and Dimensions HealthCare System. After discussion of the motion, the Commission voted. Commissioner Larry Ginsburg made a motion that the Commission deny the Motion for Reconsideration, which was seconded by Commissioner Crofoot. Commissioners Alcoreza, Beasley, Chase, Crofoot, Etheredge, Ginsburg, Murray, Row, and Zanger voted in favor of the motion. No Commissioner voted against the motion.

**ACTION: the Motion for Reconsideration was DENIED.**

Chairman Wilson said that as the motion for reconsideration was denied, the Commission must address the second part of Shady Grove Adventist Hospital's motion – its request to stay the Commission's December 10 decision awarding Suburban Hospital a certificate of need for open heart surgery services. Commissioner Constance Row made a motion that the Commission deny the stay, which was seconded by Commissioner Ginsburg. Commissioners Alcoreza, Beasley, Chase, Crofoot, Etheredge, Ginsburg, Murray, Row, and Zanger voted in favor of the motion. No Commissioner voted against the motion.

**ACTION: the Motion for Stay was DENIED.**

#### **ITEM 4.**

**ACTION: CERTIFICATE OF NEED, Julia Manor Health Care Center, Fahrney-Keedy Memorial Home, Inc., Docket No. 02-21-2094; Relocation of Comprehensive Care Beds**

Chairman Wilson announced the next item on the agenda. Rhoda Wolfe-Carr, Health Policy Analyst, presented the staff recommendation in this matter. Julia Manor Health Care Center, located in Hagerstown, and Fahrney Keedy Memorial Home, Inc., located in Boonsboro, had applied jointly for CON approval to relocate thirteen (13) comprehensive care facility (CCF) beds, delicensed by Fahrney-Keedy, and to be acquired by Julia Manor LLC. Upon Commission approval, Fahrney-Keedy's authorized licensed bed capacity would decrease from 110 to 97 beds, and Julia Manor's would increase from 84 to 97 beds. Both facilities have a history of admitting more Medical Assistance recipients than is required by the State Health Plan for Facilities and Services and its required agreements with Medicaid. The total cost of the project will be \$43,000, consisting of total proposed capital costs of \$20,000 for major and minor movable equipment such as additional room furniture, and other costs totaling \$23,000, including the \$19,500 acquisition costs for the thirteen beds, and \$3,500 in legal fees and other administrative costs incurred in applying for the CON. Staff recommended that the Commission approve the application. Commissioner Crofoot made a motion that the Commission approve the CON, which was seconded by Commissioner Beasley, and unanimously approved.

**ACTION: the application for CERTIFICATE OF NEED by Julia Manor Health Care Center, and Fahrney-Keedy Memorial Home, Inc., Docket No. 02-21-2094; for the Relocation of Comprehensive Care Beds is hereby APPROVED.**

#### **ITEM 5.**

**ACTION: Appointment of Dr. Helen Minifie Gordon to the Institutional Review Board**

Chairman Wilson announced the next agenda item. Mr. Steffen informed the Commissioners that Med-Chi had nominated Helen Menefie Gordon for membership on the Commission's Institutional Review Board. Staff recommended that the Commission approve the nomination. Commissioner Dennis Murray made a motion that the nomination be approved, which was seconded by Commissioner Lenys Alcoreza, and unanimously approved.

**ACTION: The appointment of Dr. Helen Minifie Gordon to the Institutional Review Board is hereby APPROVED.**

## **ITEM 6.**

**PRESENTATION:** *State Health Care Expenditures: Experience from 2001*

Chairman Wilson said that the Commission is required by state law to prepare an annual report on health care expenditures in Maryland. Mr. Steffen and Linda Bartnyska, Chief of Cost and Quality Analysis, presented a summary of the report on expenditures for 2001. Some of the key findings included:

- Spending increased rapidly (11.8 percent), more rapid than the US increase (9.2 percent). Total spending is now \$21 billion. Per capita spending grew by 10.5 percent.
- All health care service sectors accelerated — outpatient grew fastest at 18 percent. All major sectors (excluding administration) climbed by 10 percent or more.
- Public spending increased more rapidly than private sector spending. Medicare and Medicaid increased by 13 percent, but private third-party payers increased by 11 percent.
- Patient out-of-pocket spending grew slightly faster than private third-party, but grew more rapidly in other professional services and prescription drugs.
- HMO enrollment continued to decline, except in Medicaid. Private sector enrollment has declined for 3 years.
- The growth in Maryland expenditures tracks with spending nationally but in each of the last two years Maryland has exceeded the national rate of growth. Maryland per capita is about 2.5 percent below the national level.
- Maryland's rate of growth is almost four times faster than overall medical inflation (3.2 percent) as measured by the Producer Price Index.
- The rapid increase in health care spending coupled with sluggish overall economic growth means that health care spending as a share of personal income climbed to 11.1 percent in 2001.
- Increases are largely attributable to increased utilization and greater intensity. The elderly population in Maryland grew by 1.2% – twice the national rate of increase which helps explain the Medicare spending growth.

Chairman Wilson thanked Mr. Steffen and Ms. Bartnyska for their presentation. The report is available on the Commission's website at: [http://www.mhcc.state.md.us/database/\\_database.htm](http://www.mhcc.state.md.us/database/_database.htm).

## **ITEM 7.**

**PRESENTATION:** *Policy Report on Maryland Commercial HMOs and POS Plans*

Chairman Wilson said that staff annually prepares an HMO Policy Report looking at the industry in aggregate and how performance has changed over time and in relation to other states in the region and the nation as a whole. Mr. Martinez-Vidal and Joyce Burton, Acting Chief, HMO Quality and Performance, presented a summary of key findings.

- Maryland plans' enrolled populations range in size from 18,668 to 480,892.
- Premiums continue to rise: 12-13% from 2001 to 2002.
- Rate of Decline in plan membership more than doubled since the last reporting period.
- Regionally, plan members are more satisfied with their quality of care compared to Maryland members.
- Maryland plans performed better than plans in the nation on 13 measures. For 6 of these measures, Maryland averages were higher than national averages by 3 percentage points or more.
- Maryland plans performed worse than plans nationally on 5 measures.
- Maryland plans, on average, performed worse than plans in both the region and across the nation on four measures. Urgent Care Centers, as an alternative source of evening and weekend care, were available to HMO members in Maryland 71% of the time.
- Total Emergency Department utilization increased in 2001; 1 in 5 visitors were commercial HMO/POS members. Data generally demonstrate that commercial HMO/POS plans do not disproportionately add to emergency department use.

Chairman Wilson thanked Ms. Burton and Mr. Martinez-Vidal for their report. This report is available on the Commission's website at: <http://www.mhcc.state.md.us/hmo/hmo.htm>.

## **ITEM 8.**

### **LEGISLATIVE REPORT**

Chairman Wilson said that there were two bills sponsored by the leadership that the Commission needed to consider. Mr. Martinez-Vidal and Kristin Helfer-Koester, Chief, Legislative and Special Projects, presented the bills for discussion. HB1, the Maryland Trauma System Funding Act, proposes establishing a Maryland Trauma Physician Services Fund and specifies, among other things, criteria for developing a methodology, to reimburse trauma physicians. The Maryland Health Care Commission and the Health Services Cost Review Commission are responsible for developing the methodology and administering the fund. Following discussion, Commissioner Crofoot made a motion that the Commission support the bill, which was seconded by Commissioner Beasley, and unanimously approved.

HB2, the Small Business Health Insurance Affordability Act, specifies the manner in which small group health insurance benefits must be offered to employers; lowers the rate cap for small group health insurance benefits; and requires the Maryland Health Care Commission and the Maryland Insurance Administration to study aspects of the administrative cost of health plans in the small group market. Following discussion, Commissioner Murray made a motion that the Commission support the bill with amendments to allow the Commission to consider administrative changes when modifying the CSHBP, which was seconded by Commissioner Beasley, and unanimously approved.

## **ITEM 9.**

### **Hearing and Meeting Schedule**

Chairman Wilson announced that the next scheduled meeting of the Maryland Health Care Commission will be on Friday, February 21, 2003 at 4160 Patterson Avenue, Room 100, in Baltimore, Maryland at 1:00 p.m. The Hearing and Meetings Schedule was available at the documents table as well as on the Commission's website.

**ITEM 10.**

**Adjournment**

There being no further business, the meeting was adjourned at 3:40 p.m. upon motion of Vice Chairman Malouf, which was seconded by Commissioner Etheredge, and unanimously approved by the Commissioners.